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The Founding of the Company of Scotland Trading to Africa and the Indies

FROM considering an ' Act in favour of the Town of Edinburgh for an Imposition on Ale and Beer,' an ' Act anent the right marking and measuring of Linen Cloath,' and an ' Act in favours of the Manufactory of Baises and Erecting them in a free Incorporation,' the Scottish Estates on 14th June, 1693, turned their attention to an ' Act for Encouraging of Forraigne Trade.' With dramatic suddenness the Estates had raised their eyes from the contemplation of scenes and activities that were homely and familiar to gaze on distant lands and perilous seas. It was declared that ' Merchants more or fewer may contract and enter into Societies and Companies for carrying on of Trade, as to any subject or sort of goods and merchandise to whatsoever Kingdoms, Countryes, or parts of the World, not being in warr with their Majesties, where trade is in use to be or may be followed, and particularly beside the Kingdoms and Countries of Europe, to the East and West Indies, to the Straits, and Trade in the Mediterranean or upon the Coast of Affrick, or Northerne parts, or else where as above.'

To Companies formed for carrying on this trade in distant parts Letters Patent under the Great Seal were to be granted conferring wide though rather indeterminate privileges. In the final clause of the Act there is sounded a note of sinister though vague apprehension : ' And the Estates of Parliament doe further Recommend it to their Majesties, that in case any of the said Companies, to be entered into and sett up as said is, shall in their endeavours for the advancing and pramoving of Trade, especially to the forsaid remoter parts, happen to be attacked and violently seized, or otherways disturbed by persons not in open warr with their Majesties, that then and in that case, their Majesties would be pleased to order, that the Recovery of the Ships and Goods soe seized, or otherways molested and hindered be carryed on and prosecute by publick means, and at publick expense, as their

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Majesties shall think good. . . .' After this hasty and somewhat apprehensive glimpse of the possibilities of distant trafficking the Estates busied themselves with an 'Act and Ratification anent the Communication of Trade to Burghs of Barony and Regality.'

The 'Act for Encouraging of Forraigne Trade' contains not a single personal name. The general vagueness of its terms and references seems to suggest a studied caution in its drafting. Its presence among the Acts of the Scottish Parliament suggests two interesting problems: who were the persons responsible for the introduction of this Act; what purpose had they in view?

I

Though the 'Act for Encouraging of Forraigne Trade' contains no personal names, the 'Act in favours of the Manufactory of Baises,' which was passed by the Estates on the same day as the Foreign Trade Act, does contain a group of names; the merchants interested in 'erecting and carrying on within this Kingdom ane Manufactory for making that sort of Cloath commonly called Colchester Baises, and all other sort of Baises,' were James Foulis, John Holland, William Graham, David Nairne, Thomas Deans, James Cheisley, Walter Stewart and James Campbell. Two years later the majority of these names figured in another act of the Scottish Parliament. In the celebrated 'Act for a Company Tradeing to Affrica and the Indies'—the Act which constituted the Darien Company—are the names of two groups of directors, a Scottish group and an English group: each group consisted of ten individuals: the English group was composed of 'William Paterson Esquire, James Fowlis, David Nairne Esquire, Thomas Deans Esquire, James Chiesley, John Smith, Thomas Coutes, Hugh Frazer, Joseph Cohaine Daves Ovedo [D'Azevedo], and Walter Stuart, Merchants in London.' The Act which established the Darien Company had been introduced into Parliament, read, and remitted to the Committee for Trade on 12th June, 1695.[1] On 15th June the Committee for Trade, presided over by the Earl of Eglinton, met at Holyrood and considered 'the Act in favour of the Scots Company trading to Africa, etc.' As a result of their deliberations it was 'ordered that the Lord Belhaven and Sr. ffrancis Scott speake with the Lord Lyon anent the Common Seal to be made for the Company.

[1] *A.P.S.* vol. ix. p. 367.

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Ordered that a clause be added to the Act declaring the execution thereof against Interlopers nor any consequences thereupon shall infer no Cryme against the Company or those imployed by them upon such occasions. Agreed that Ending be left blank to be filled up afterwards at sight of my Lord High Commissioner, the equall half being Scots men liveing here.'[2] On the 18th of June (Monday), the Committee for Trade resumed their deliberations: 'The act for forraigne trade furder considered. Some amendments made. To be the first affair at the next meeting of the Committee, and then adjurned till nyne acloak tomorrow morning.'[3] On the 19th of June the Committee had a crowded agenda: 'The roll called, the Lord Belhaven president. The act for forraigne trade read, voted, and approven. The act for the manufactories of Gunpowder and Allom amended and approven. Proposalls for Captain Slezer read and delayed till further; the meeting then adjourned till four in the afternoon.'[4] The final stage in the progress of the measure was the insertion of the names of the Directors at the instance of the Estates: 'The List of the persons names to be insert in the Act for encourageing a Company of fforeign Trade, broght in from the Committee of Trade read, voted, and approven; and ordered that the names be insert in the said Act, which thereafter was tuched with the Scepter by his Majesties Commissioner in the usual manner.'[5]

Three weeks after the passage of the Act establishing the Company of Scotland Trading to Africa and the Indies names familiar to us reappear in another measure of the Scottish Parliament—the 'Act for Erecting a Publick Bank.' Among those declared to be one Body Corporate and Politique by the name of the Governour and Company of the Bank of Scotland, are 'Mr. James Foulis, Mr. John Holland, Mr. David Nairn, Mr. Walter Stuart, Mr. Hugh Frazer, Mr. Thomas Coutis and Mr. Thomas Deans, Merchants in London.'[6]

A comparison of the lists of names of London merchants in the three Acts—the Act for the Manufacture of Baize, the Act Establishing the Company of Scotland, and the Act instituting the Bank of Scotland—reveals during the period 1693-1695 a persistent campaign on the part of a group of London financiers

[2] *Parliamentary Papers Supplementary* (Register House), 1695: No. 58.

[3] *Ibidem.*

[4] *Ibidem.*

[5] *A.P.S.* vol. ix. p. 377.

[6] *A.P.S.* vol. ix. p. 495.

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to find an outlet for their capital in Scotland. It is not an unwarranted inference that the 'Act for Encouraging of Forraign Trade' of 1693 was part of their general scheme, and there is not a shadow of doubt that the Act which established the Company of Scotland was part of that scheme.

Corroboration of the view advanced here is obtainable from various quarters. 'Though I am very glad at being now relieved from embarrassment about the affair of Darien,' wrote King William from Loo, on September 29, 1699, to the Earl of Portland, 'I pity with all my heart the poor Scotch, who have lost everything, and were by no means the promoters of this enterprise.' [7]

Equally significant are the facts revealed by a study of the part played by William Paterson in connection with the foundation of the Company of Scotland. To Paterson is generally ascribed the credit—or the notoriety—of being the founder of the Company, but such a view is not borne out by a study of Paterson's own utterances. Paterson was not backward in emphasising the part he had taken in the foundation of the Bank of England, but he did not claim to be the founder of the Company of Scotland. Indeed he was at some pains to point out, on one occasion, that though his counsel had been sought—and to some extent followed—in the foundation of the Company, he was not the originator of the scheme. The London promoters of the Company managed its affairs in London from August to December 1695. Its great popularity and the consequent jealousy of the English East India Company brought upon it the attention of the English Parliament and the Commons, after receiving on 17th December a petition from the English Company, appointed a Committee to inquire into the circumstances of the raising of the Scotch East India Company Act. Before this Committee Paterson appeared:

'Mr. Patterson, being examined, said, That about the Beginning of May Mr. Chiesly did acquaint him, That there was great Encouragement given for an East India Company in Scotland; upon which he gave Mr. Chiesley a Scheme for erecting the same; but that was not entirely followed: And that Mr. Cootes and Mr. Chiesley carried the Scheme into Scotland.

'That he proposed to be at £50 charges and 8 or 9 other Persons agreed to advance £25 apiece to carry it on. . . . That he did not solicit for this Act, nor knows anything of the Methods

[7] Grimbolt, *Letters of William III. and Louis XIV.*, vol. ii. p. 354.

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of its Passing; but has heard Mr. Chiesley and Mr. Blackwood say, They had solicited such an Act formerly: and said he was induced to be concerned in this Matter, because there was no Encouragement for this Trade here.'[8]

II

The reason given by Paterson for his interest in the Company of Scotland is the key to the designs of the London merchants responsible for the foundation of the Company. Their aim was to turn the flank of the strongly entrenched English East India Company. From 1680 there had been a steady growth in the efforts of private traders—interlopers—to break through the monopoly of the East India Company. Various projects had been tried such as that of fitting out a ship from Cadiz and fitting out ships at Ostend, but the decision of Jeffreys in the case of Thomas Sandys put the whole strength of the law on to the side of the Company. With the Revolution, however, came a re-adjustment of affairs and in 1691 the establishment of the New Company gathered together the forces of opposition. So strong did these forces become that the very existence of the Old Company was at stake. Indeed the opinion of the Judges was asked by the Government, and on 17th November, 1692, they gave the following pronouncement: 'We are of opinion, That, by this Clause, the East India Company cannot be determined until after Three Years Warning given them under the Privy Seal, or Sign Manual; and that they will continue a company during the said Three Years and may trade and act in the meantime.'[9] The Commons desired King William to give the Company the three years notice deemed necessary by the Judges, but his reply was non-committal. It is difficult not to believe that the Act for Foreign Trade passed by the Scottish Estates in the summer of 1693 had no connection with the vigorous campaign carried on in London during the winter of 1692-1693: and it is equally difficult to refrain from tracing a connection between the intensive campaign carried on against interlopers by the Old Company after the renewal of its charter in 1693 and the foundation of the Company of Scotland in 1695.

But if the connection between the opposition to the East India Company and the Scottish Acts in favour of foreign trade

[8] *Journals of House of Commons*, vol. xi. p. 400.
[9] *Journals of H. of C.*, vol. x. p. 702.

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of 1693 and 1695 is a matter of speculation, we are on sure ground when we turn to the early activities of the Company of Scotland. Though the Company is remembered to-day mainly by reason of the tragic failure of its efforts to establish a trading post on the Isthmus of Darien, its early history shows incontrovertibly that it was established for the purpose of trafficking in the Indian and China seas. One of its earliest acts after its inauguration in London was to consider the question of sending out an expedition to the East. At a Court of Directors held in London on 22nd November, 1695, it was intimated that the capital available for subscribers in England, £300,000, had been fully taken up: at a meeting held five days later, 'Upon a Motion made, of sending some Ship or Ships with all Expedition to the East Indies to secure a settlement for this Company, *Ordered*, That the said motion be taken into consideration on Friday next.' Friday came and the sending of a ship or ships to the East Indies was referred to a Committee of Trade consisting of nine persons.[10]

But the London life of the Company was nearing its abrupt termination. On the 6th of December, 1695, eighteen of the Directors, including Foulis, Chiesly, Nairn and Paterson, met under the presidency of Lord Belhaven. The minutes of the last Court were read and confirmed. Arrangements were made for the drawing up of a preamble or prospectus for the subscribers in Scotland. A committee was appointed to prepare the Constitutions, Ordinances and By-laws of the Company: each member of this committee was to bring his thoughts in writing concerning the said Constitutions. Then the Court dealt with a matter of domestic discipline:

'Pursuant to a subsequent Order of the said Court, the 4th of December instant, the Committee therein appointed for preparing Rules to be observed by all the Directors in order to the punctual Meeting of this Court at such times as shall be by them, from time to time, appointed: the said Committee having reported their Opinion thereon:

'It is *Ordered*, That every Director of this Court do deposit 20s. in the Hands of Rod. Mackenzie.

'*Ordered*. That every Director of this Court, having due Notice of the Times of Meeting and not giving his attendance accordingly, within an Hour of the Time appointed, shall, for every such default, forfeit One Half Crown of his said 20s., to

[10] *Journals of H. of C.*, vol. xi. pp. 404-405.

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be equally distributed among such Directors as shall be present at the said several Courts.

'*Agreed*, That all the Members of this Court be concluded, as to the Hours of Meeting, by the Pendulum-clock that stands in this Room.

'*Ordered* That the said Committee for preparing the Constitutions do meet again on Friday next, Nine a Clock ante meridiem.

'Adjourned to Friday the 13th of December instant at Three a Clock post Meridiem.' [1]

This was the last meeting of the London Court of Directors. On Saturday, 14th December, the House of Commons received 'A Message from the Lords by Sir Miles Coote and Sir Richard Halford:

'Mr. Speaker.

'The Lords do desire a Conference with this House in the Painted Chamber, this Morning at Twelve a Clock, upon a Matter relating to the Trade of this Kingdom.

'And then the Messenger withdrew.

'*Resolved*. That the House do agree to a Conference as the Lords do desire.

'And the Messengers were called in again; and Mr. Speaker acquainted them therewith.' [2]

The attack, begun a short time before, was gathering strength; swiftly the London venture of the Company collapsed. When, however, in the following year the Company was revived in Edinburgh as a purely Scottish concern the Eastern designs were still prominent. In the summer of 1696 the Company sent Alexander Stevenson, Merchant in Edinburgh, and James Gibson, Merchant in Glasgow, to act as their representatives abroad. 'You shall repair,' so run their instructions, 'to such places beyond the seas as the Committee of Trade of this Company, or any three of them, shall direct, where you shall inform yourselves of the best and most expeditious way of purchasing or building five or six ships of about 600 tons each, well and sufficiently built, and such as are fit for voyages to the East Indies.'

Through the influence of Paterson the energies of the Company were to be diverted from these Eastern projects to the effort to set up a world emporium on the Isthmus of Darien. But after the failure of the Darien Expeditions the Eastern plans of

[1] *Journals of H. of C.*, vol. xi. p. 405.

[2] *Journals of H. of C.*, vol. xi. p. 361.

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the Company were quietly resumed. Two voyages were made to the Eastern seas by vessels belonging to the Company: the *Speedwell*, after enduring the typhoons of the China Seas, was wrecked in the Straits of Malacca; the *Speedy Return* and the *Content* cleared from the Clyde in 1701 to become the prey of Madagascar pirates. Right down to the very eve of the Union, however, the Company never wholly abandoned its Eastern dreams: various licenses were issued, from time to time, by the Company to private traders: these invariably contained two stipulations: one was the allocation to the Company of a portion of the profits of the voyage; the other was that the trading vessel should take out a young man who was to be given an opportunity of becoming acquainted with the ways of trade in the Far East.

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